

1 **SEC. 3. EXTENSION AND IMPROVEMENT OF PREMIUM AS-**
2 **SISTANCE FOR COBRA BENEFITS.**

3 (a) EXTENSION OF ELIGIBILITY PERIOD.—Sub-
4 section (a)(3)(A) of section 3001 of division B of the
5 American Recovery and Reinvestment Act of 2009 (Public
6 Law 111–5) is amended by striking “February 28, 2010”
7 and inserting “March 31, 2010”.

8 (b) CLARIFICATIONS RELATING TO SECTION 3001 OF
9 ARRA.—

10 (1) CLARIFICATION REGARDING COBRA CON-
11 TINUATION RESULTING FROM REDUCTIONS IN
12 HOURS.—Subsection (a) of section 3001 of division
13 B of the American Recovery and Reinvestment Act
14 of 2009 (Public Law 111–5) is amended—

15 (A) in paragraph (3)(C), by inserting be-
16 fore the period at the end the following: “or
17 consists of a reduction of hours followed by
18 such an involuntary termination of employment
19 during such period (as described in paragraph
20 (17)(C))”; and

21 (B) by adding at the end the following:

22 “(17) SPECIAL RULES IN CASE OF INDIVIDUALS
23 LOSING COVERAGE BECAUSE OF A REDUCTION OF
24 HOURS.—

25 “(A) NEW ELECTION PERIOD.—

1 “(i) IN GENERAL.—For the purposes
2 of the COBRA continuation provisions, in
3 the case of an individual described in sub-
4 paragraph (C) who did not make (or who
5 made and discontinued) an election of
6 COBRA continuation coverage on the basis
7 of the reduction of hours of employment,
8 the involuntary termination of employment
9 of such individual on or after the date of
10 the enactment of this paragraph shall be
11 treated as a qualifying event.

12 “(ii) COUNTING COBRA DURATION PE-
13 RIOD FROM PREVIOUS QUALIFYING
14 EVENT.—In any case of an individual re-
15 ferred to in clause (i), the period of such
16 individual’s continuation coverage shall be
17 determined as though the qualifying event
18 were the reduction of hours of employ-
19 ment.

20 “(iii) CONSTRUCTION.—Nothing in
21 this paragraph shall be construed as re-
22 quiring an individual referred to in clause
23 (i) to make a payment for COBRA con-
24 tinuation coverage between the reduction

1 of hours and the involuntary termination
2 of employment.

3 “(iv) PREEXISTING CONDITIONS.—

4 With respect to an individual referred to in
5 clause (i) who elects COBRA continuation
6 coverage pursuant to such clause, rules
7 similar to the rules in paragraph (4)(C)
8 shall apply.

9 “(B) NOTICES.—In the case of an indi-
10 vidual described in subparagraph (C), the ad-
11 ministrator of the group health plan (or other
12 entity) involved shall provide, during the 60-day
13 period beginning on the date of such individ-
14 ual’s involuntary termination of employment, an
15 additional notification described in paragraph
16 (7)(A), including information on the provisions
17 of this paragraph. Rules similar to the rules of
18 paragraph (7) shall apply with respect to such
19 notification.

20 “(C) INDIVIDUALS DESCRIBED.—Individ-
21 uals described in this subparagraph are individ-
22 uals who are assistance eligible individuals on
23 the basis of a qualifying event consisting of a
24 reduction of hours occurring during the period
25 described in paragraph (3)(A) followed by an

1 involuntary termination of employment insofar
 2 as such involuntary termination of employment
 3 occurred on or after the date of the enactment
 4 of this paragraph.”.

5 (2) CODIFICATION OF CURRENT INTERPRETA-
 6 TION.—Subsection (a)(16) of such section is amend-
 7 ed—

8 (A) by striking clause (ii) of subparagraph
 9 (A) and inserting the following:

10 “(ii) such individual pays, the amount
 11 of such premium, after the application of
 12 paragraph (1)(A), by the latest of—

13 “(I) 60 days after the date of the
 14 enactment of this paragraph,

15 “(II) 30 days after the date of
 16 provision of the notification required
 17 under subparagraph (D)(ii), or

18 “(III) the end of the period de-
 19 scribed in section 4980B(f)(2)(B)(iii)
 20 of the Internal Revenue Code of
 21 1986.”; and

22 (B) by striking subclause (I) of subpara-
 23 graph (C)(i), and inserting the following:

24 “(I) such assistance eligible indi-
 25 vidual experienced an involuntary ter-

1 mination that was a qualifying event
2 prior to the date of enactment of the
3 Department of Defense Appropria-
4 tions Act, 2010; and”.

5 (3) CLARIFICATION OF PERIOD OF ASSIST-
6 ANCE.—Subsection (a)(2)(A)(ii)(I) of such section is
7 amended by striking “of the first month”.

8 (4) ENFORCEMENT.—Subsection (a)(5) of such
9 section is amended by adding at the end the fol-
10 lowing: “In addition to civil actions that may be
11 brought to enforce applicable provisions of such Act
12 or other laws, the appropriate Secretary or an af-
13 fected individual may bring a civil action to enforce
14 such determinations and for appropriate relief. In
15 addition, such Secretary may assess a penalty
16 against a plan sponsor or health insurance issuer of
17 not more than \$110 per day for each failure to com-
18 ply with such determination of such Secretary after
19 10 days after the date of the plan sponsor’s or
20 issuer’s receipt of the determination.”.

21 (5) AMENDMENTS RELATING TO SECTION 3001
22 OF ARRA.—

23 (A) Subsection (g)(9) of section 35 of the
24 Internal Revenue Code of 1986 is amended by
25 striking “section 3002(a) of the Health Insur-

1 ance Assistance for the Unemployed Act of
2 2009” and inserting “section 3001(a) of title
3 III of division B of the American Recovery and
4 Reinvestment Act of 2009”.

5 (B) Section 139C of such Code is amended
6 by striking “section 3002 of the Health Insur-
7 ance Assistance for the Unemployed Act of
8 2009” and inserting “section 3001 of title III
9 of division B of the American Recovery and Re-
10 investment Act of 2009”.

11 (C) Section 6432 of such Code is amend-
12 ed—

13 (i) in subsection (a), by striking “sec-
14 tion 3002(a) of the Health Insurance As-
15 sistance for the Unemployed Act of 2009”
16 and inserting “section 3001(a) of title III
17 of division B of the American Recovery
18 and Reinvestment Act of 2009”;

19 (ii) in subsection (c)(3), by striking
20 “section 3002(a)(1)(A) of such Act” and
21 inserting “section 3001(a)(1)(A) of title
22 III of division B of the American Recovery
23 and Reinvestment Act of 2009”; and

24 (iii) by redesignating subsections (e)
25 and (f) as subsections (f) and (g), respec-

1 tively, and inserting after subsection (d)
2 the following new subsection:

3 “(e) EMPLOYER DETERMINATION OF QUALIFYING
4 EVENT AS INVOLUNTARY TERMINATION.—For purposes
5 of this section, in any case in which—

6 “(1) based on a reasonable interpretation of
7 section 3001(a)(3)(C) of division B of the American
8 Recovery and Reinvestment Act of 2009 and admin-
9 istrative guidance thereunder, an employer deter-
10 mines that the qualifying event with respect to
11 COBRA continuation coverage for an individual was
12 involuntary termination of a covered employee’s em-
13 ployment, and

14 “(2) the employer maintains supporting docu-
15 mentation of the determination, including an attes-
16 tation by the employer of involuntary termination
17 with respect to the covered employee,

18 the qualifying event for the individual shall be deemed to
19 be involuntary termination of the covered employee’s em-
20 ployment.”.

21 (D) Subsection (a) of section 6720C of
22 such Code is amended by striking “section
23 3002(a)(2)(C) of the Health Insurance Assist-
24 ance for the Unemployed Act of 2009” and in-
25 serting “section 3001(a)(2)(C) of title III of di-

1 vision B of the American Recovery and Rein-
2 vestment Act of 2009”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect as if included in the provisions
5 of section 3001 of division B of the American Recovery
6 and Reinvestment Act of 2009 to which they relate, except
7 that—

8 (1) the amendments made by subsection (b)(1)
9 shall apply to periods of coverage beginning after the
10 date of the enactment of this Act;

11 (2) the amendments made by subsection (b)(2)
12 shall take effect as if included in the amendments
13 made by section 1010 of division B of the Depart-
14 ment of Defense Appropriations Act, 2010; and

15 (3) the amendments made by subsections (b)(3)
16 and (b)(4) shall take effect on the date of the enact-
17 ment of this Act.

18 **SEC. 4. EXTENSION OF SURFACE TRANSPORTATION PRO-**
19 **GRAMS.**

20 (a) IN GENERAL.—Except as provided in subsection
21 (b), for purposes of the continued extension of surface
22 transportation programs and related authority to make ex-
23 penditures from the Highway Trust Fund and other trust
24 funds under sections 157 through 162 of the Continuing
25 Appropriations Resolution, 2010 (Public Law 111–68;